

Grantee: Indianapolis, IN

Grant: B-08-MN-18-0007

April 1, 2009 thru June 30, 2009 Performance Report

Grant Number:

B-08-MN-18-0007

Obligation Date:**Grantee Name:**

Indianapolis, IN

Award Date:**Grant Amount:**

\$29,051,059.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

QPR Contact:

Erica Aquila

Disasters:**Declaration Number**

NSP

Plan Description:

The City of Indianapolis has identified areas of greatest need using data compiled by HUD and the Indianapolis Metropolitan Police Department. A geographic information system was used to overlay several measures over low-, moderate-, and middle-income target areas (see Map 1). Those measures included foreclosure risk, percentage of high cost loans, percent at or below 120 percent of AMI, vacancy rates, and density of foreclosures (see Map 2 Map 6). Generally, all measures indicated that areas of greatest need are in the middle section of the city -- extending from the western border to the eastern border (see Map 7). Much of the area is south of 56th street and north of Hanna Avenue. Portions of 10 neighborhoods are included in the highest concentration areas. Those neighborhoods include: 1) Northwest; 2) North; 3)Northeast; 4) Far East; 5) Near East; 6) Southeast; 7) Near South; 8) Far Southwest; 9) Southwest; 10) Near West; and 11) Far Northwest. The following summarizes the data used in each map: 1. Low Moderate and Middle Income Target Areas, 2007/2008 Foreclosures: This map shows Census tracts that qualify as low-, moderate-, and middle-income benefit areas. More than 50 percent of the population in the area must have had incomes at or below 120 percent of area median income (Census 2000) to qualify as low-, moderate-, and middle-income benefit area. 2. Foreclosure Risk: This map shows foreclosure risk by Census tract. Foreclosure risk measure is a score-based measure calculated by HUD and provided in the Neighborhood Stabilization Program local level data. A score is assigned to each Census tract ranging from zero to 10. Zero indicates a lowest level foreclosure risk and 10 is the highest level of foreclosure risk. 3. 2004-2006 Percent High Cost Loans: This map shows the percentage of high cost loans originated between 2004 and 2006. Data collected under the Federal Reserve Home Mortgage Disclosure Act (HMDA) include yield spreads. High cost is defined as loans with yields that are 3% greater than the yield on Treasury securities of comparable duration on first-lien loans and 5% greater than on subordinate liens. 4. Percent at 120% and Below Area Median Income: This map shows the percentage of people in each block group at or below 120 percent of Area Median Income (Census 2000); 5. USPS Postal Vacancy Rate (90 days or more): This map shows the percentage of residential addresses that were reported as vacant for 90 days or more. These data are collected by the United States Postal Service. 6. 2007/2008 Foreclosure Density: This map shows foreclosure density by Census block group. These data were obtained from the Indianapolis Metropolitan Police Departments Sheriff Sale database. 7. Highest Concentrations of Need: This map shows a general view of the areas of greatest need in Indianapolis. The shaded area is Census block groups (part) in which many of the measures consistently indicate higher levels of need and that qualify as areas of low-, moderate, and middle-income areas of benefit.

Recovery Needs:**B. DISTRIBUTION AND USES OF FUNDS**

The City of Indianapolis Neighborhood Stabilization Program plan is the collaborative effort of City Staff and community stakeholders. Building on the input from the 2009 Action Plan public survey, which identified addressing vacant abandoned/foreclosed properties as a priority, the City will utilize NSP funds to stabilize those neighborhoods identified as having the greatest need (please see maps 1-7).

The City will engage a broader group of community stakeholders and leaders in an implementation planning phase of this neighborhood stabilization process to target specific areas within the areas of greatest need to make a significant impact with NSP funds as well as other private and public resources. The implementation planning will be completed by January 31, 2009 and specific data will be entered in the Disaster Recovery Grant Reporting System as required.

The City will assess each targeted area to determine needs and priorities. Possible tools to address needs and priorities may include, but is not limited to, housing development, demolition of blighted structures, economic development, owner occupied rehabilitation, infrastructure improvements and code enforcement. The Indianapolis strategy will leverage NSP funds with other resources to address the needs identified through the assessment process.

Indianapolis will utilize NSP funds to strategically acquire abandoned and/or foreclosed properties located within the targeted areas. The city will acquire housing units through a variety of mechanisms, which may include tax sale, sheriff sale, and bank/financial institution negotiations. The City will identify owners with multiple properties that have been through foreclosure and negotiate discounted acquisition costs.

NSP funds will also be used to demolish blighted residential and commercial/industrial structures. Areas with a concentration of foreclosure and abandonment often face challenges such as disinvestment and abandonment. It is imperative that all neighborhood factors that cause destabilization are addressed.

The next step to alleviate blight in the Indianapolis targeted neighborhoods will be redevelopment. Redevelopment will include home rehabilitation, new construction of houses, owner-occupied repair, creation of rental housing opportunities for very low-income households, creation of job opportunities, brownfields redevelopment, and creation of greenspace. In addition, Indianapolis will work to coordinate the efforts of all City Departments such as Parks, Public Works and Public Safety to develop a comprehensive approach to neighborhood stabilization.

The key to this program will be identifying and cultivating qualified home buyers. Each buyer will receive, at minimum, the required eight hours of homebuyer counseling. In addition, NSP funds will be used to provide direct buyer assistance. This type of assistance will be provided to homebuyers to ensure affordability. Forms of NSP buyer assistance may include:

- Soft second mortgage
- Downpayment assistance
- Interest rate buydown

The NSP program will be implemented as a cooperative effort between the City of Indianapolis, the Indianapolis Neighborhood Housing Partnership, Local Initiative Support Corporation, elected officials, local not-for-profits, developers as well as financing agencies and consumer housing counseling organizations. This collaboration will work to develop an implementation plan that will include a comprehensive strategic approach to neighborhood stabilization.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of blighted structure in context of state or local law.

Blight is the state or result of deterioration, decay or owner negligence that impairs or destroys property and erodes the fabric of the surrounding neighborhood. Blight is caused by properties that constitute a risk to public health, safety or welfare including vacant and boarded structures, accumulated trash and debris, rodent infestation, high weeds and grass, graffiti, inoperable vehicles, or empty structures that remain accessible to vagrants and criminals which breed opportunities for fires and other property vandalism.

(2) Definition of affordable rents.

Properties assisted with NSP shall be occupied by persons/households earning less than 120 percent of the area median family income. In addition, at least 25 percent of the NSP funds are to be used for the purchase and redevelopment of abandoned or foreclosed upon housing units that will be used to house individuals or families whose incomes do not exceed 50 percent of the area median family income.

For the purpose of the NSP, affordable rents for households earning between 81 and 120 percent of the area median family income shall not exceed Fair Market Rents as defined by HUD. Affordable rents for households earning between 51 and 80 percent of the area median family income shall not exceed the High HOME Rents (as

defined by HUD). Affordable rents for households earning 50 percent or less of the area median family income shall be the lesser of (1) Low HOME Rents (as defined by HUD) or (2) 30 percent of the adjusted monthly family income.

NSP affordable rents assume utilities are included in the rent payment. If tenants are paying utilities separate from rent, the rent paid to the landlord plus a utility allowance (defined by local Section 8 policies) shall not exceed the maximum rents defined above.

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

The NSP will use a structure similar to the HOME program to ensure that the units remain affordable. A period of affordability will be established based on the amount of NSP funds in the unit and the housing activity. The table below outlines the NSP guidelines:

Housing Activity	Average Per-Unit NSP Investment Amount	Affordability Period (in years)
Acquisition, rehabilitation, new construction or homebuyer assistance for homeownership.	Less than \$15,000	5
Acquisition, rehabilitation, new construction or homebuyer assistance for homeownership.	\$15,000-\$40,000	10
Acquisition, rehabilitation, new construction or homebuyer assistance for homeownership.	Over \$40,000	15
Acquisition, rehabilitation, new construction for rental.	Any amount	15

Enforcement Mechanisms for Affordability Compliance for Rental

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants will require that the property be maintained as rental housing and all NSP-funded units shall remain affordable for a period of 15 years from the date of completion. In instances where NSP funds are invested to meet the requirement that 25 percent of the NSP funds awarded to Indianapolis must be used for housing activities that benefit households whose incomes do not exceed 50 percent of the area median family income, the covenants will state that the property must be maintained as rental housing and all NSP-funded units shall remain affordable to households earning less than 50 percent of the area median family income for a period of 15 years from the date of completion.

During the period of affordability, all owners of NSP-assisted rental units are required to recertify tenant income on an annual basis. Tenant income recertification must be documented in writing from the actual source of the income.

If a tenants income increases over time, the tenant may remain in the unit; however, the rent amount must be adjusted to meet the affordable rent definition on page 5. For example: If tenants income is below 50% of the area median family income at the time of initial lease up, he/she will pay the lesser of (1) the low HOME rent or (2) 30 percent of his/her adjusted monthly family income. If during recertification in year three, it is determined that this tenant is now earning 75 percent of the area median family income, then the rent amount shall be adjusted to the high HOME rent. Tenants must be given a minimum 30-day written notice prior to rent adjustment and must comply with lease documents and state and local laws.

Enforcement Mechanisms for Affordability Compliance for Homeownership

The City will ensure affordability compliance by requiring covenants that will run with the property. The covenants will require that the purchaser occupy the property as their primary residence and if the purchaser chooses to sell the property during the period of affordability, they shall resell the property to a household earning less than 120 percent of the area median family income. In addition, the covenants will require the purchaser to repay all NSP funds invested in their unit in the event of failure to comply with covenants (ie. Purchaser moves out and is no longer the principal resident or purchaser sells unit to new buyer whose income exceeds 120 percent of the area median family income. The covenants will be released after the period of affordability.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

All properties receiving NSP assistance shall meet the Indiana Residential Code and the Indianapolis HOME rehab standards prior to sale or lease.

D. LOW INCOME TARGETING

Indianapolis will collaborate with the Indianapolis Housing Trust Fund, the Indianapolis Coalition for Homelessness Intervention and Prevention, the Indianapolis Housing Agency, non-profit housing developers and for-profit housing developers to allocate \$7,262,765 to housing development projects that will house individuals and families whose incomes do not exceed 50 percent of the area median family income.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$6,358,500.00
Total CDBG Program Funds Budgeted	N/A	\$6,358,500.00
Program Funds Drawdown	\$0.00	\$0.00
Obligated CDBG DR Funds	\$0.00	\$0.00
Expended CDBG DR Funds	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Minimum Overall Benefit Percentage	99.99%	0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$4,357,658.85	\$0.00
Limit on Admin/Planning	\$2,905,105.90	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

Overall Progress Narrative:

The City of Indianapolis executed contracts with their development teams on July 15, 2009. All development teams are in the initial planning stages and have not yet started any activities on their NSP projects. Now that contracts have been executed work will begin within the next month or two.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
1, Acquisition/Land Bank	\$0.00	\$6,513,294.00	\$0.00
2, Acquisition/Rehabilitation	\$0.00	\$5,000,000.00	\$0.00
3, New Construction for Homeownership	\$0.00	\$750,000.00	\$0.00

4, Demolition	\$0.00	\$300,000.00	\$0.00
5, Rental Development	\$0.00	\$7,262,765.00	\$0.00
6, Financing Mechanisms	\$0.00	\$6,320,000.00	\$0.00
7, Administration	\$0.00	\$2,905,000.00	\$0.00
9999, Restricted Balance	\$0.00	\$0.00	\$0.00